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frederickco.gov

Governor Jared Polis
State Capitol Building
Denver, CO 80203
Email: Governorpolis@state.co.us

February 14, 2024

RE: KP Kauffman's ongoing spills and failed remediation

Governor Jared Polis,

KP Kauffman ("KPK") oil and gas wells within the Town of Frederick have become an ongoing concern to public health and the environment. We are asking you to join the Town of Frederick to request action from the Energy and Carbon Management Commission ("ECMC") to shut in all wells within the Town of Frederick until (1) all flowlines can be inspected and tested for integrity, and (2) KPK has successfully remediated every open spill location within the Town.

KPK currently has 107 wells within Frederick. 94 of those wells are considered "low producing" because they have generated less than two barrels of oil per day for the past three years. Of those low producing wells, 15 of KPK's wells have been completely inactive (shut-in) since 2021. More than 80 of KPK's wells are producing under one barrel of oil a day. At this point, the vast majority of KPK wells are not profitable.

It appears KPK is saving money by refusing to conduct adequate maintenance of their equipment or to remediate their spills. Over the past 18 months, the Town of Fredrick has been tracking 22 KPK spills and flowline leaks within the Town limits. These are listed on Exhibit 1 and on the enclosed map. Some of those remediation projects have been open since 2018 – for more than five years. Over the past 18 months, KPK has successfully remediated only four sites within Frederick. In that same time period, there have been 15 new spills. KPK's operations are causing four new leaks for every leak they successfully remediate. Since January 3, 2024, there have been five new KPK leaks reported within the Frederick town limits.

A review of the ongoing remediation efforts indicates that KPK has stopped making any effort to address remediation requirements on some of these locations. For example, the Form 27 remediation plan for the Grant Tank Battery, just outside of Frederick's Legacy Elementary School, was rejected by the ECMC in March of 2023. There has been no action on this location for almost a year. The "Morgan 1A" and "Facility #4 West A Consolidation Flowline Release" Form 27 remediation plans were also rejected in March of 2023. Nothing has happened on these remediation projects for eleven months.

Built on What Matters.

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In some cases, KPK has stopped even attempting to comply with ECMC rules and direct orders to clean up these locations. For example, Town staff discovered the “Guadagnoli Consolidated Flowline leak” on March 16, 2023. KPK’s Environmental Director wrote to the ECMC, “Considering the current State of Affairs at KPK with the Final Order issued by the COGCC and our inability to retain contractors to conduct environmental site assessment work, we have no current plans to conduct a subsurface site assessment but will keep you both informed should that change hopefully in the very near future.” Email from Craig Meis on March 27, 2023. As of today, there still has been no site investigation or remediation of the location.

In late January, after there were four leaks reported in less than two weeks, the Town staff reached out to ECMC to demand immediate action. In response to our concerns, ECMC issued a letter requesting KPK to shut in one of its flowline systems that extends throughout much of Frederick and into Dacono. KPK was asked to depressurize and shut in the flowline system by February 6, to complete a root cause analysis to determine the cause of the numerous leaks, to repair leaks within the system, and pressure test the entire system before restarting production. As of today, ECMC does not know if KPK has taken any action in response to the letter.

While we appreciate the quick response from ECMC, the time for letters encouraging compliance with health and safety rules has passed. We are requesting that ECMC order all flowlines within the Town be depressurized and tested. We are also asking that ECMC take action within its Rule 901.a authority to order all KPK wells within the Town be shut in until all locations with open remediations are addressed and given a “no further action” designation by ECMC staff. We hope you agree that, if KPK is not willing to live within the rules of the ECMC, they cannot be allowed to operate.

We would greatly appreciate the ongoing support of the Governor’s Office not only in amplifying our concerns but also in securing the necessary financial assistance required for successful oil and gas remediation in the Town of Frederick. Thank you for your consideration of our requests, as it is imperative that we have your support to safeguard public health and the safety of our community. I welcome the opportunity to further discuss this matter and can be contacted at tcrites@frederickco.gov.

Sincerely,

Tracie Crites,
Mayor of the Town of Frederick

cc: Barbara Kirkmeyer, Colorado Senate
Jennifer Parenti, Colorado House of Representatives
Mike Freeman, Weld County Commissioner
Scott James, Weld County Commissioner
Lori Saine, Weld County Commissioner

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Kevin Ross, Weld County Commissioner
Perry Buck, Weld County Commissioner

